

**CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-Bank)
INFRASTRUCTURE STATE REVOLVING FUND (ISRF) PROGRAM**

STAFF REPORT

EXECUTIVE SUMMARY

Name of Applicants: City of Lawndale (City)		Requested Financing Amount:	\$830,100																					
Name of Project: Charles B. Hopper Park Project (Project)		Requested Financing Term:	20 years																					
Project Address: 4418 W.162 nd Street Lawndale, CA 90260		Interest Rate:	3.35%																					
		Tier:	Tier 1																					
Project Description: The Project consists of construction of a new park on vacant land in a residential neighborhood in the City of Lawndale, and includes the installation or construction of climbing rocks, playground equipment, picnic style tables, game tables, paved walking paths, an open space grass field, restrooms, and trees and landscape vegetation.																								
Use of Financing Proceeds: The proceeds from the I-Bank financing will be used for Project construction and the I-Bank origination fee.																								
Source of Repayment: General Fund		Form of Financing Agreement: General Fund Lease Agreement																						
<table border="0"> <tr> <td colspan="2">Scoring Criteria:</td> <td align="right">Score</td> </tr> <tr> <td>Project Impact</td> <td></td> <td align="right">30</td> </tr> <tr> <td>Community Economic Need</td> <td></td> <td align="right">11</td> </tr> <tr> <td>Land Use/Environmental Protection/Housing Element</td> <td></td> <td align="right">30</td> </tr> <tr> <td>Leverage</td> <td></td> <td align="right">12</td> </tr> <tr> <td>Readiness</td> <td></td> <td align="right"><u>10</u></td> </tr> <tr> <td align="right">TOTAL</td> <td></td> <td align="right">93</td> </tr> </table>				Scoring Criteria:		Score	Project Impact		30	Community Economic Need		11	Land Use/Environmental Protection/Housing Element		30	Leverage		12	Readiness		<u>10</u>	TOTAL		93
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Readiness		<u>10</u>																						
TOTAL		93																						
I-Bank Staff: John Belmont		Date of Staff Report: February 11, 2009																						
Date of I-Bank Board Meeting: February 24, 2009		Resolution Number: 09-07																						
Staff Recommendation: Staff recommends approval of Resolution No. 09-07 authorizing financing to the City of Lawndale in an amount not to exceed \$830,100 for the Charles B. Hopper Park Project subject to conditions contained herein.																								

PROJECT DESCRIPTION

Project Description

The City of Lawndale (City) is requesting ISRF Program financing to construct the Charles B. Hopper Park Project (Project) on two contiguous City owned vacant lots. Together the lots measure approximately 0.75 of an acre and are located at 4418 W.162nd Street, Lawndale, CA (Exhibit 1—Charles B. Hopper Park Design). The City acquired the first lot of approximately 0.50 of an acre in 1990 and the second lot of approximately 0.25 of an acre in September 2008. The City began Project construction January 7, 2009.

The Project includes the construction or installation of climbing rocks, playground equipment, picnic style tables, game tables, paved walking paths, an open space grass field, restrooms, and trees and landscape vegetation. The Project is designed to be a “walk to” park serving neighborhood residents and providing recreational space for playground games, picnics, family gatherings, birthday parties, senior leisure walks, after-school programs, and outdoor presentations. The City and the Lawndale Redevelopment Agency solicited Project design and amenity ideas from City residents at several public meetings held in 2007-2008.

The Project will meet an immediate need to increase park space in the City doubling the number of City owned parks from one to two. The City currently has one 0.50 acre park to serve its 35,000 residents. Although the City has additional parks available for use through agreements with the Lawndale Elementary School District, availability is limited to hours and days when school is not in session or the park is not being used by sports leagues.

Lack of City park space was detailed in the 2003 South Bay Council of Governments (SBCOG) and Southern California Association of Governments (SCAG) report entitled the *South Bay Cities Infrastructure and Services Capacity Assessment* (Assessment). The Assessment found that the City has the lowest ratio of park space per resident of the all South Bay cities (16 cities and 1 unincorporated area) with a ratio of 0.10 acre of park space to every 1,000 residents compared to the average of 1.6 acres per 1,000 residents for all South Bay cities, and is well below the national standard of 5 to 10 acres per 1,000 residents set by the National Recreation and Parks Association.

The City provided a copy of an article published by the *Press-Telegram* (Long Beach, CA) on November 18, 2007 entitled “Play space lack tied to obesity. The article cited a report from the Los Angeles County Department of Public Health (Report) that stated, “Overweight kids more likely to be found in poorer cities with less park space.” Similar to the Assessment’s conclusion, the Report also found that the City had one of the lowest ratios of park space and one of the highest child obesity rates in the County.

The Project will help fulfill Goal #9 (Goal) of the Land Use Element of Lawndale’s General Plan, as amended, originally adopted December 17, 1991, which is, “To provide City residents with opportunities for active and passive recreation activities through private and public open space areas, parks and recreational facilities” and, Goal 9 Policy 9b, “The City shall identify and pursue acquisition of additional parkland”.

In its training handbook, *Introduction to Redevelopment*, the California Redevelopment Association recognizes the lack of public infrastructure and facilities as having a blighting affect on neighborhoods leaving them unattractive to current and potential property and

business owners with the potential for flight. Such neighborhoods develop social problems and the reputation of being “bad” neighborhoods leading to disinvestment by current owners and the unwillingness of prospective property and business owners to invest. Public investment in public infrastructure, including parks, in blighted areas is deemed critical to cure blight and to serve as a strong public statement of the community’s commitment to improve the neighborhood and to encourage private investors to follow with other development projects.

Although not a redevelopment Project, the Project is located adjacent to Lawndale’s redevelopment area. The Project will aid the City’s economic development efforts and create job opportunities by improving the quality of life in a blighted area making the area more attractive to current and prospective property and business owners, area employees, and visitors.

Finally, the American Planning Association published a report in 2002 entitled, “Parks and Economic Development” (APA Report), outlining ten public benefits that accrue from park and recreation services. The public benefits outlined in the APA Report are as follows:

- Economic Development
 - Attracting Tourists
 - Enhancing Real Estate Values
 - Attracting Businesses
 - Attracting Retirees
- Alleviating Social Problems
 - Preventing Youth Crime
 - Healthy Lifestyles
 - Environmental Stress
 - Unemployment and Underemployment
- Environmental Stewardship
 - Historical Preservation
 - The Natural Environment

Although most of the above-listed benefits apply to the Project, those most relative to economic development include:

- Economic Development
 - Enhancing Real Estate Values: People are prepared to pay more to live close to natural park areas. The enhanced value of these properties results in their owners paying higher property taxes to governments. If the incremental amount of taxes paid by each property that is attributable to the park is aggregated, it is often sufficient to pay the annual debt charges required to retire the bonds used to acquire and develop the park.
 - Attracting Businesses: In many cases the viability of businesses in the highly recruited high-technology, research and development, company headquarters, and services sectors is dependent on their ability to attract and retain highly educated professional employees. The deciding factor of where these individuals choose to live is often the quality of life in the geographic vicinity of the business. No matter how quality of life is defined, park and recreation opportunities are likely to be a major component of it.

- Alleviating Social Problems
 - Preventing Youth Crime: The use of park and recreation programs to alleviate youth crime was a primary political stimulant for much of the early recreation provision in major cities at the beginning of the twentieth century. There is strong evidence demonstrating the success of these programs when they are structured to provide social support from adult leaders; leadership opportunities for youth; intensive and individualized attention to participants; a sense of group belonging; youth input into program decisions; and opportunities for community service. The return on investment of such programs is substantial when compared with the costs of incarceration.

Project Sources and Uses of Funds

In addition to the ISRF Program financing, the Project will be funded with City equity, proceeds of two Roberti-Z-berg-Harris grants from the State of California Department of Parks and Recreation, and a grant received from the Los Angeles County Regional Parks and Open Space District (LACRPOSD). On September 15, 2008, the City Council adopted Resolution No. CC-0809-054 committing up to \$900,000 for this Project. The \$900,000 includes funds from the three grants to be received.

Project Uses	Project Sources				
	I-Bank	City	Roberti-Z-berg-Harris Grants	LACRPOSD Grant	Total
Land Acquisition	\$ 502,200				\$ 502,200
Construction and Construction Contingency	\$ 317,900	\$ 138,271	\$ 177,829	\$ 250,000	\$ 884,000
Design/Architecture/Engineering/Project Management/Title and Escrow Fees		\$ 204,700			\$ 204,700
I-Bank Origination Fee	\$ 10,000				\$ 10,000
Total	\$ 830,100	\$ 342,971	\$ 177,829	\$ 250,000	\$1,600,900

The City does not expect to request reimbursement from the I-Bank for City staff's time on the Project.

Currently the Roberti-Z-berg-Harris Grants are frozen pending release by the Public Money Investment Board; however, the City has sufficient funds within its commitment to cover any shortfalls should these grants funds remain unavailable.

Malaisha Hughes of the LACRPOSD confirmed to I-Bank staff on January 5, 2009 that all pre-disbursement conditions have been cleared for the LACRPOSD Grant. Disbursement will occur following receipt of the City's request for reimbursement of eligible expenses.

ELIGIBILITY CRITERIA

The City and the Project meet all of the ISRF Program statutory and supplemental threshold eligibility criteria.

GENERAL CITY INFORMATION

The City is a general law city incorporated in 1959 under the laws of the State of California. It uses the Council/Manager form of government. The City Council (Council) has five members including the Mayor. The Council is presided over by the Mayor, who is elected every two years. Members are elected every four years via citywide vote. The City Manager is appointed by the City Council, leads the administrative branch of city government and directs all City operations, projects and programs. The City contracts with the County of Los Angeles for fire and police protection services.

As of January 1, 2007, the City population was estimated by the California State Department of Finance at approximately 35,000, one of the most densely populated cities in California.

The City is primarily residential in nature and as of 2003 had approximately 10,000 housing units. Per the 2000 U.S. Census, the median family income was \$37,909, the per capita income was \$13,702, and approximately 14.3% of families and 17.3% of the population were below the poverty line.

CREDIT ANALYSIS

Staff reviewed the City's Comprehensive Annual Financial Statements (CAFRs) for fiscal years ended (FYE) June 30, 2005, 2006 and 2007 as well as the adopted Budgets for fiscal years (FY) 2007-2008 and 2008-2009. The CAFR for FYE June 30, 2008 is not available as of the date of this report. The CAFRs were audited and the auditor's report indicates, for all years, the financial statements present fairly, in all material respects, the financial position of the City, and that the results of its operations and the cash flows are in conformity with generally accepted accounting principles.

Security and Source of Financing Repayment

The City expects to use General Fund revenues to make annual rental payments to the I-Bank. The City will grant to the I-Bank a leasehold interest in the City's Maintenance Office Building and a portion of the land upon which it is situated located at 4722 Manhattan Beach Blvd. (described below) as security for the financing.

Comparative Balance Sheet Analysis

The Comparative General Fund balance sheet for the FYE June 30, 2005, 2006 and 2007 is shown in the following table:

City of Lawndale Comparative Balance Sheet						
For Fiscal Year Ending (FYE) June 30,	2005		2006		2007	
Source:	CAFR		CAFR		CAFR	
Assets						
Cash and investments	\$7,971,001	62.5%	\$10,956,572	67.3%	\$13,048,928	67.3%
Receivables						
Accounts	911,803	7.1%	1,247,439	7.7%	1,021,477	5.3%
Interest	69,313	0.5%	159,245	1.0%	210,792	1.1%
Loans	3,000	0.0%	0	0.0%	0	0.0%
Due from other funds	3,667,631	28.7%	3,753,398	23.1%	4,630,205	23.9%
Prepaid items	7,739	0.1%	21,431	0.1%	343,732	1.8%
Advances to other funds	131,238	1.0%	131,238	0.8%	131,238	0.7%
Total Assets	\$12,761,725	100.0%	\$16,269,323	100.0%	\$19,386,372	100.0%
Liabilities and Fund Balance						
Liabilities						
Accounts payable	\$1,392,456	10.9%	\$992,546	6.1%	\$1,708,426	8.8%
Accrued wages	45,798	0.4%	54,781	0.3%	50,169	0.3%
Sales tax payable	162	0.0%	161	0.0%	162	0.0%
Retentions payable	2,695	0.0%		0.0%	1,305	0.0%
Deposits	39,731	0.3%	68,346	0.4%	112,130	0.6%
Adjustment typo correction to 2006			564	0.0%		
Total Liabilities	1,480,842	11.6%	1,116,398	6.9%	1,872,192	9.7%
Fund Balance						
Reserved for UDAG unrestricted principal	2,840,000	22.3%	2,840,000	17.5%	2,840,000	14.6%
Prepaid costs	7,739	0.1%	21,431	0.1%	343,732	1.8%
Advances to other funds	131,238	1.0%	131,238	0.8%	131,238	0.7%
Unreserved, undesignated						
General fund	8,301,906	65.1%	12,160,256	74.7%	14,199,210	73.2%
Total Fund Balance	11,280,883	88.4%	15,152,925	93.1%	17,514,180	90.3%
Total Liabilities and Fund Balance	\$12,761,725	100.0%	\$16,269,323	100.0%	\$19,386,372	100.0%
Total Liabilities to Total Assets	0.13		0.07		0.11	
Total Fund Balance/Total Liabilities	7.62		13.57		9.35	

Total Assets increased in the three fiscal years reviewed due to increases in Cash and Accounts Receivable, which were a direct result of an excess of Revenues over Expenditures in each of the three years shown. Increases were also seen in the same period in Due from Other Funds increased \$1.0 million and represents an increase in monies owed to the General Fund by other City funds. A review of the June 30, 2007 CAFR revealed that the Due from Other Funds are the balances owed to the General Fund related to deficit cash balances in each of the other funds. The City expects each fund to repay the General Fund in fiscal year 2007-2008 when revenues are received by the other funds.

Total Liabilities experienced a slight increase of \$0.4 million in the three fiscal years reviewed primarily due to increases in Accounts Payable, specifically draws on an existing I-Bank loan which the City reported as disbursements were made rather than when the loan was funded.

In fiscal year 2007-2008 the City paid off three capital lease agreements for energy retrofit and telephone equipment and as of the date of this report has no General Fund debt.

The City's Finance Manager stated that the adjustment correction to the FYE June 30, 2006 balance sheet was the result of a typographical error.

The City's Fund Balance is approximately 90% of Total Assets and grew approximately 55% over the three year period. Eighty-one percent of the fund balance is unreserved and undesignated.

Comparative Revenue and Expenditure Analysis

The City's Revenues, Expenditures and Changes in Fund Balance for the FYE June 30, 2005, 2006 and 2007 are summarized in the following table:

City of Lawndale Statement of Revenues, Expenditures and Changes in Fund Balances						
For Fiscal Year Ending (FYE) June 30,	2005		2006		2007	
Source:	CAFR		CAFR		CAFR	
% Change in Total Revenues		17.7%		-3.5%		
Revenues						
Sales and use taxes	\$2,711,727	23.3%	\$2,781,095	20.3%	\$2,946,249	22.3%
Utility user tax	1,913,522	16.5%	1,993,696	14.6%	2,060,126	15.6%
Other taxes	1,569,405	13.5%	1,812,091	13.2%	2,141,323	16.2%
Motor vehicle in-lieu	2,299,347	19.8%	3,169,171	23.2%	2,678,853	20.3%
Licenses and permits	557,666	4.8%	594,243	4.3%	618,407	4.7%
Fines and forfeitures	622,122	5.3%	687,630	5.0%	756,883	5.7%
Use of money and property	199,662	1.7%	473,531	3.5%	764,496	5.8%
Charges for services	819,259	7.0%	1,131,961	8.3%	1,038,205	7.9%
Miscellaneous	<u>935,998</u>	<u>8.0%</u>	<u>1,039,830</u>	<u>7.6%</u>	<u>199,076</u>	<u>1.5%</u>
Total Revenues	11,628,708	100%	13,683,248	100%	13,203,618	100%
Expenditures						
General government	2,524,720	21.7%	2,619,548	19.1%	2,669,874	20.2%
Public safety	3,771,870	32.4%	4,006,191	29.3%	4,106,076	31.1%
Municipal services	2,288,390	19.7%	2,592,059	18.9%	2,398,916	18.2%
Planning and community development	582,365	5.0%	613,867	4.5%	676,294	5.1%
Recreation and community services	711,933	6.1%	880,661	6.4%	974,688	7.4%
Debt service						
Principal retirement	51,298	0.4%	54,940	0.4%	58,837	0.4%
Interest and fiscal charges	<u>9,776</u>	<u>0.1%</u>	<u>6,807</u>	<u>0.0%</u>	<u>3,724</u>	<u>0.0%</u>
Total Expenditures	9,940,352	85.5%	10,774,073	78.7%	10,888,409	82.5%
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,688,356	14.5%	2,909,175	21.3%	2,315,209	17.5%
Other Financing Sources (Uses)						
Transfers in	0		922,936		147,250	
Transfers out	<u>0</u>		<u>(47,713)</u>		<u>(101,204)</u>	
Total Other Financing Sources (Uses)	<u>0</u>		<u>875,223</u>		<u>46,046</u>	
Net Change in Fund Balance	1,688,356		3,784,398		2,361,255	
Fund Balance, Beginning of Year	9,592,527		11,280,883		15,152,925	
Prior Year Adjustment	<u>0</u>		<u>87,644</u>		<u>0</u>	
Fund Balance, End of Year	<u>\$11,280,883</u>		<u>\$15,152,925</u>		<u>\$17,514,180</u>	
Proposed I-Bank MADS					\$49,547	
I-Bank MADS/Total Revenues					0.38%	

Total Revenues increased \$1,574,910 in the three fiscal years reviewed. The statement above reflects the primary sources of revenue as Sales Tax, Utility User Tax and Other Tax.

Total Expenditures range between 78-85% of Total Revenues, increasing by 10% over the three-year period. In FYE June 30, 2007, Excess of Revenues over Expenditures decreased \$593,966, or 20%, primarily due to the decrease in Motor Vehicle In-Lieu fees mentioned above.

The prior year adjustment in FYE June 30, 2006 was to record prior years' pass-through payments received in this period.

Existing Debt

The City currently has no outstanding General Fund indebtedness. The chart below reflects the proposed ISRF Program lease payment:

Debt Issues	Original Issue Amount	2008-2009 Payments	Maturity
I-Bank proposed loan estimated and rounded for a 20-year lease @3.35%	\$830,100	\$61,800	8/1/2028
TOTAL	\$830,100	\$61,800	

Budgeting

Staff reviewed the adopted Annual Budgets (Budgets) for FY 2007-2008 and 2008-2009 and found consistent revenue and expenditure trends. In spite of the nationwide economic slowdown, the City continues to build its reserves and projects its General Fund Balance to remain in excess of \$15 million (115% of FY 2006-2007 Total Revenues) at the end of FY 2008-09.

Leased Assets

The City proposes to lease to the I-Bank the City's Maintenance Office Building and a portion of the land upon which it is situated located at 4722 Manhattan Beach Blvd. (Leased Asset), pursuant to a lease-leaseback agreement with the I-Bank. The Leased Asset is of masonry and wood construction and is adjacent to the maintenance building at which the City staff maintains the City's vehicle fleet.

The following table lists data on Leased Asset:

Name of Asset	Year Built	Building Size (square feet)	Estimate of Value
Maintenance Office Building	1984	3,200	\$646,087
Lots 7 & 8		9,360	<u>\$346,320</u>
TOTAL			\$992,407
Value-to-loan			120.0%

The proposed Leased Asset is situated on three lots, identified as lots 7, 8, and 9 (Exhibit 3—Location of Leased Asset). The proposed lease will include the Maintenance Office Building and lots 7 and 8 as well as an easement for access on lot 9.

Value for the Maintenance Office Building is based upon a Property Schedule prepared for the City by Alliant Insurance Services, Inc. Land value is based upon comparable land values provided by City. The Leased Asset value provides a value-to-loan ratio of 120.0%.

The City completed a Comprehensive Environmental Survey related to the Leased Asset property as of February 9, 2009; and no environmental issues were noted.

Compliance with I-Bank Underwriting Criteria

- **Limitation on Total Debt Service Obligations:** Consistent with the ISRF program underwriting criteria requirements, the City's total debt service obligations consisting solely of the proposed I-Bank financing, is less than 15% of the City's General Fund Total Revenues, calculated as follows:

Fiscal Year 2006-07 Total Revenues	\$13,203,618
	<u>x 15%</u>
15% of Total Revenues	\$ 1,980,543
Existing General Fund Annual Debt Payments	\$ 0
Proposed General Fund Lease Payment	<u>\$61,800</u>
Total General Fund Annual Debt Payments	\$61,800
Percentage of Debt to Total Revenues	0.47%

- **Essentiality of Leased Asset:** The Leased Asset is the City's Maintenance Office Building which provides essential services to the City.
- **Repayment Ability:** The City's General Fund revenues appear diversified and stable and adequate to cover existing expenditures and the proposed I-Bank lease payment.

LITIGATION, MANAGEMENT AND ENVIRONMENTAL

Litigation/Material Controversy

The City's financing application states that there is currently no outstanding or anticipated litigation or material controversy that would materially affect the Project, the Leased Asset or the ability of the City to repay the proposed financing.

Project Management

The City has determined that the City Engineer, Arturo Cervantes, P.E., will manage the Project construction. Mr. Cervantes has experience in civil engineering and construction management. Additionally, the City is contracting with Quantum Quality Consulting for construction management and inspection.

California Environmental Quality Act (CEQA)

The City filed a Notice of Exemption with the County of Los Angeles Recorder Office on May 16, 2008 related to a portion of the Project. Due to the acquisition of a second Project parcel, the City is updating its CEQA review and expects to complete an updated Notice of Exemption no later than two months after Board approval. Documentation acceptable to the I-Bank of the completion of the CEQA review will be a pre-disbursement condition to the proposed ISRF Program financing.

Prior I-Bank Projects

In April 2002, the I-Bank made a \$2 million loan to the Lawndale Redevelopment Agency for the Hawthorne Blvd. Revitalization Project (Prior Project). I-Bank Staff worked with both the City and Redevelopment Agency staff on the Prior Project. The Redevelopment Agency has been and is in compliance with all loan agreement terms and conditions.

SCORING CRITERIA FOR PRIORITIZING PROJECTS

POINT CATEGORY	ANALYSIS	MAX PTS	PTS
Project Impact			
Job Creation/Retention	Although the Project did not score points for job creation/retention, the Project is expected to assist indirectly with both these economic development goals. Located adjacent to the Lawndale redevelopment area, the Project will improve a blighted area making it more attractive to current and potential businesses and their employees with the expectation of job growth to follow.	30	0
Economic Base Employers	N/A.	10	0
Community Employment Development Plan	Although the Project did not score points for employment development, the "Parks and Economic Development" report published by the American Planning Association lists business attraction as one of the ten collective public benefits that accrue from park and recreation services.	10	0
Quality of Life/Community Amenities	<p>Located in an urban neighborhood, the Project provides much needed open space and recreation facilities enhancing quality of life and community attractiveness and providing therapeutic value and a restorative effect to the neighborhood.</p> <p>A 2003 study by SBCOG and SCAG found that Lawndale's open space of 0.10 acres per 1,000 residents was the lowest per resident-to-open space ratio of all cities in the South Bay comparing unfavorably to the average 1.6 acres per 1,000 residents for all South Bay cities as well as being below the national standard of 5 – 10 acres per 1,000 residents set by the National Recreation and Parks Association.</p> <p>The City's General Plan acknowledges the deficiency of open space and incorporates the acquisition of additional parkland in Goal 9, Policy 9b. The City has a number of park improvement projects budgeted, including the Project, to address the Goal.</p> <p>The American Planning Association report, "Parks and Economic Development", states that, "No matter how quality of life is defined, park and recreation opportunities are likely to be a major component of it," and continues by addressing preventing youth crime as follows, "The use of park and recreation programs to alleviate youth crime was a primary political stimulant for much of the early recreation provision in major cities at the beginning of the twentieth century. There is strong evidence demonstrating the success of these programs when they are structured to provide social support from adult leaders; leadership opportunities for youth; intensive and individualized attention to participants; a sense of group belonging; youth input into program decisions; and opportunities for community service. The return on investment of such programs is substantial when compared with the costs of incarceration."</p>	30	30
Community Economic Need City of Lawndale			
Unemployment Rate	The City's 2007 unemployment rate was 5.0%; less than the statewide average of 5.9%.	20	0
Median Family Income	According to the 2000 U. S. Census, the City's median family income was \$37,909; which was 71% of the statewide average of \$53,025.	15	7

Change in Labor Force Employment	The City's 2007 change in the labor force employment was 6.45%; above the statewide average of 1.59%.	10	0
Poverty Rate	According to the 2000 U. S. Census, the City's poverty rate was 17.3%; which was 122% above the statewide average of 14.2%.	10	4
Land Use, Environmental Protection and Approved Housing Element			
Land Use	The Project meets the first priority for urban land use development because it renews and maintains an existing urban area and is further supported by the APA Report which states, "Enhancing Real Estate Values: People are prepared to pay more to live close to natural park areas. The enhanced value of these properties results in their owners paying higher property taxes to governments. If the incremental amount of taxes paid by each property that is attributable to the park is aggregated, it is often sufficient to pay the annual debt charges required to retire the bonds used to acquire and develop the park."	20	20
Environmental Protection	<p>The Project improves the natural environment with trees and other plants which create oxygen and provide a better habitat for birds and other small urban animals. Specific environmental protection design features include:</p> <ul style="list-style-type: none"> • Use of wood mulch to conserve water and inhibit weed growth with less need for herbicides. • Selection of drought tolerant plant species. • Reduced lawn area to lower water consumption necessary for turf. • Low maintenance ground cover. • Automated irrigation system which shuts off during rains to conserve water. • Use of low power consumption LED lights. • Vegetated swales and curbs retain site runoff or precipitation on site to clean water before it enters storm drains, and enhances percolation to the water table. 	10	10
Housing Element	The Department of Housing and Community Development has received a report which is currently under review. The City is currently out of compliance until the new plan is accepted.	10	0
Leverage			
Leverage	The leverage calculation for the Project is as follows: \$770,800 to \$830,100 or 0.93 to 1.0.	12	12
Readiness			
Readiness	The City began Project construction in January 2009.	10	10
TOTAL		200	93

STAFF RECOMMENDATIONS

Staff recommends approval of Resolution No. 09-07 authorizing financing not to exceed \$830,100 for the City of Lawndale for the Project subject to the following conditions:

1. **Borrower:** City of Lawndale.
2. **Project:** Charles B. Hopper Park Project.
3. **Amount of Financing:** Not to exceed \$830,100.
4. **Funding Availability:** The I-Bank's financing commitment is subject to the availability of funds from either, or a combination of, proceeds of a revenue bond issue or I-Bank equity funds. The Borrower shall execute the I-Bank financing agreement within 210 days of I-Bank Board Approval date, or the commitment of funds may be cancelled by the I-Bank.
5. **Maturity:** Not to exceed 20 years.
6. **Repayment/Security:** Lease payments from the General Fund of the Borrower and leasehold interest in the Leased Asset.
7. **Interest Rate:** 67% of Thompson's Municipal Market Data Index for an "A" rated tax-exempt security with a weighted average life similar to the I-Bank financing based on the rates on February 2, 2009.
8. **Fees:** A one-time loan origination fee of \$10,000 payable upon loan closing, and an annual fee of 0.3% of the outstanding principal balance.
9. **Type of Financing Agreement:** General Fund Lease Agreement between the Borrower and the I-Bank.
10. **Financing Agreement Covenants:** The following are some of the covenants required to be contained in the Lease Agreement:
 - a. The Borrower shall, during the use of the property, covenant to budget and appropriate the lease payment, and to use its best efforts to maintain sufficient General Fund revenues to provide moneys to fund all necessary and appropriate General Fund operations.
 - b. Borrower shall be authorized to prepay all or a portion of the outstanding principal balance according to the following: 102% of the outstanding principal balance if the prepayment date is on or after ten years, but less than eleven years, from the effective date of the Agreement, or 100% of the outstanding principal amount of the I-Bank bonds to which the Borrower's loan is pledged to repay and scheduled to be called for redemption as a result of the prepayment plus accrued interest on the bonds to be redeemed as of the date scheduled for redemption (Redemption Amount), whichever is greater; 101% of the outstanding principal balance if the prepayment date is on or after eleven years, but less than twelve years, from the effective date of the Agreement or the Redemption Amount, whichever is greater; or without premium if the prepayment date is twelve years or more from the effective date of the Agreement or the Redemption Amount, whichever is greater. The Borrower may on any date provide for a legal defeasance of the principal amount outstanding and any additional payment then due.
 - c. An agreement by the Borrower to indemnify the I-Bank and its directors, officers and employees from any liability arising from the Lease Agreement or from construction or operation of the Project.

11. Conditions Precedent to Agreement Execution:

- a. Adopted Borrower resolution agreeing to commit funds needed to complete the Project regardless of receipt of grant funds and authorizing the execution and delivery of the Lease Agreement and Site Lease, and approving certain other matters in connection therewith.
- b. Receipt of an opinion of legal counsel to the Borrower that the Borrower has the legal authority to enter into the I-Bank Lease Agreement, that there is no litigation currently pending or anticipated that will have a material adverse effect on the Borrower's ability to make lease payments, and that the financing agreements are legal, binding and enforceable agreements of the Borrower.
- c. Title of the Leased Assets acceptable to I-Bank.
- d. Evidence acceptable to the I-Bank that the City is in compliance with terms and conditions of all grants proposed to be used to fund the Project.

12. Conditions Precedent to Initial Disbursement: The following are some of the conditions, which will be required precedent to the initial disbursement of I-Bank funds:

- a. Execution by the Borrower of a Facility Lease Agreement, Site Lease and Tax Certificate consistent with the terms contained herein.
- b. Evidence of adequate insurance against liability and damage or destruction of the Leased Asset in such amounts and against such risks as are usually covered for similar properties, and use and occupancy insurance and rental interruption insurance for the Leased Assets with the I-Bank named as the additional insured or loss payee, as appropriate.
- c. Documentation acceptable to I-Bank that CEQA has been completed.
- d. Evidence of CLTA title insurance.

13. Conditions Precedent to Initial Construction Disbursement: The following are some of the conditions, which will be required precedent to the initial construction disbursement of I-Bank funds:

- a. Certifications by the Borrower that all required permits have been obtained for the construction of the Project and/or confirmation that no permits are required.
- b. A written statement by the City Manager, City Attorney, or other designated person that:
 - i All construction contracts necessary for the construction of the applicable Project component have been awarded, and were awarded pursuant to competitive bidding and Borrower procedures normally required for similar construction projects.
 - ii Project costs for the applicable Project component are consistent with the Sources and Uses listed in this staff report.
 - iii All prime contracts require appropriate builder's risk insurance and name the Borrower as additional insured and loss payee, require the contractor to maintain liability insurance and name the Borrower as an additional insured, and include performance and payment bond provisions and name the Borrower as additional payee.
 - iv All construction contracts are let to the lowest responsible bidder at a fixed price subject to increase only for allowable extra work, change orders approved by the Borrower and damages or delays authorized by the laws of the State.
 - v All construction contracts and subcontracts require payment of prevailing wage rates and compliance with Chapter 1 (commencing with Section 1720) of Part 7 of Division 2 of the California Labor Code.
 - vi All construction contracts require payment of worker's compensation insurance by contractors and subcontractors.

vii All construction contracts include nondiscrimination provisions.

14. Conditions Precedent to Final Disbursement: The following are some of the conditions precedent to final disbursement of I-Bank funds:

- a. Recorded Project Notice of Completion.
- b. Lien waivers for the Project, or passage of the applicable statutory time periods for filing preliminary lien notices and any subsequent stop notices.
- c. Certification that the Project has been completed in accordance with the approved plans and specifications, and that the completed Project is consistent with the definition of Project in this staff report and is acceptable to the I-Bank.
- d. Project operating permits.

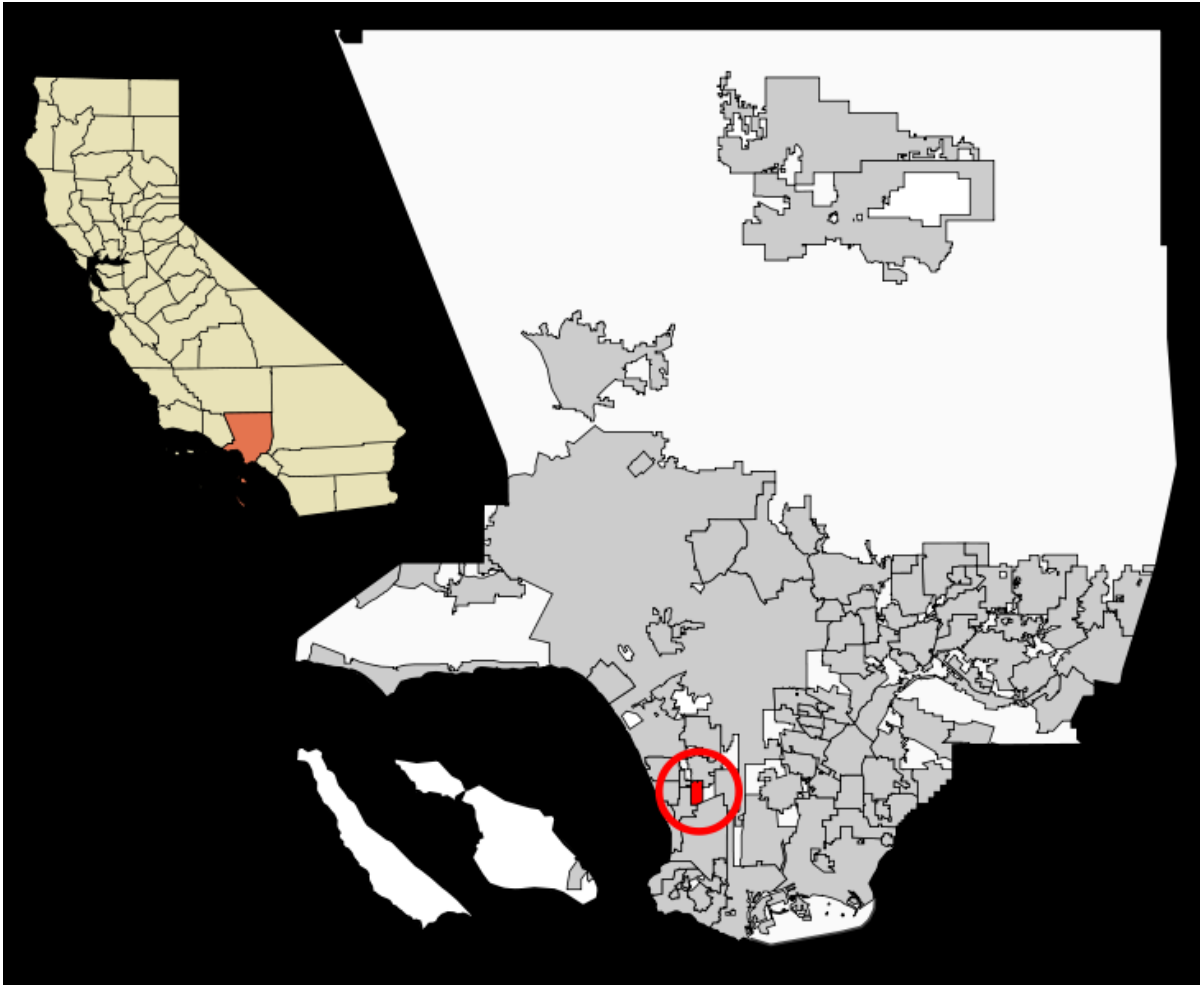
15. Financial and Other Reporting Requirements:

- a. Audited annual Borrower financial statements, due to I-Bank within 210 days of fiscal year end, or such other time that is acceptable to I-Bank.
- b. Adopted Annual Budget due to the I-Bank within 60 days of start of fiscal year.
- c. Other information as I-Bank may request from time to time.

Exhibit 1—Charles B. Hopper Park Design



Exhibit 2—Location of Lawndale



Map of Los Angeles County with Lawndale Highlighted in Red Circle

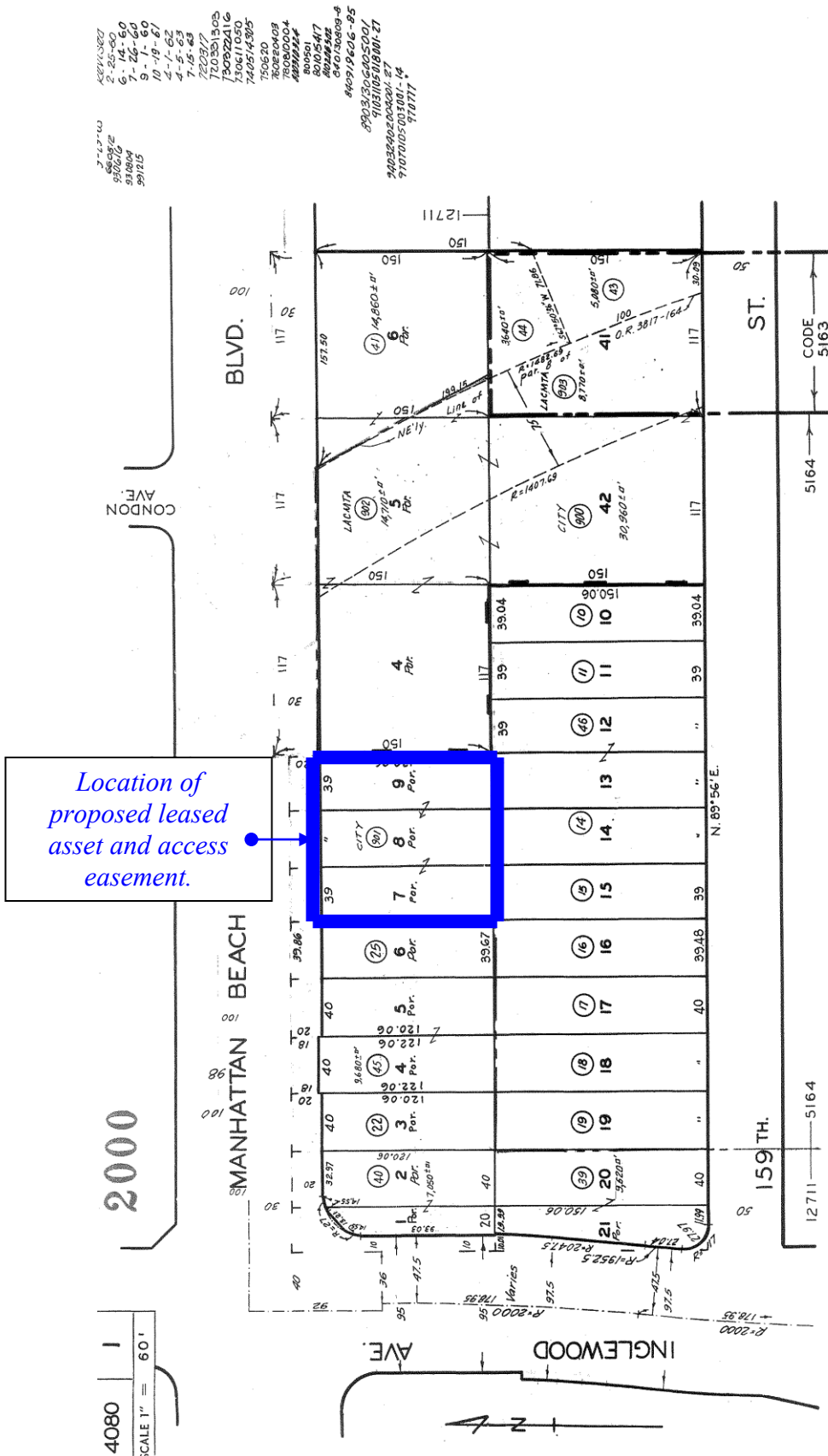
LAWNDALE CITY MAP



CITY OF LAWNDALE - FY 2007-08 BUDGET



Exhibit 3— Location of Leased Asset



ASSESSOR'S MAP
COUNTY OF LOS ANGELES, CALIF.

CODE
5163
5164
12711

FOR PREV. ASSMTT. SEE:
4080 - 1